

A medical appliance is defined as an item which is intended by its manufacturer for use in directly substituting for a malfunctioning part of the body. 86 Ill. Adm. Code 130.310(c). (This is a GIL.)

January 25, 2001

Dear Xxxxx:

This letter is in response to your letter dated November 29, 2000. The nature of your email and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120 subsections (b) and (c), which can be found at <http://www.revenue.state.il.us/legalinformation/regs/part1200>.

In your letter, you have stated and made inquiry as follows:

I am writing on behalf of our company, COMPANY. Our new company sells services and products to businesses to assist them in becoming more accessible to people with disabilities.

Many of the products that we intend to resell are medical products, although they are, of course, purchased by the actual businesses to assist customers with disabilities. The individual at the Department of Revenue's 'Business Hotline' suggested that I give you a call to determine if we are entitled to any partial relief from the sales tax provision based upon either the fact that we intend to sell products of a somewhat medical nature or the fact that our products assist businesses with compliance with the Americans with Disabilities Act and the Illinois Environmental Barriers Act. I would like an opportunity to discuss this with someone from your office.

Thanks again for your time. I look forward to hearing from you.

Unless an exemption is specifically provided for under the Retailers' Occupation Tax Act, the sale of tangible personal property at retail in Illinois is subject to the 6.25% state sales tax rate. Food, drugs, medicines and medical appliances are taxed at the reduced sales tax rate of 1%, plus applicable local taxes. See, 86 Ill. Adm. Code 130.310, enclosed.

A medical appliance is defined as an item which is intended by its manufacturer for use in directly substituting for a malfunctioning part of the body. See, Section 130.310(c)(2). Eligibility for the lower sales tax rate does not turn on whether the medical appliance is purchased pursuant to a prescription or directly by the individual. Rather, eligibility is determined by whether or not the medical appliance is intended by the manufacturer to be used to directly substitute for a malfunctioning part of the body. Medical appliances include such items as artificial limbs, dental

prostheses and orthodontic braces, crutches, wheelchairs, heart pacemakers, and dialysis machines. Corrective medical appliances such as hearing aides, glasses, and contact lenses are also eligible for the lower sales tax rate. See, Section 130.310(c)(2).

Your letter is unclear regarding the specific devices your company sells. Generally, items that assist businesses in complying with the ADA and the Illinois Environmental Barriers Act do not meet the definition of a medical appliance.

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at [www.revenue.state.il.us](http://www.revenue.state.il.us). If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of Section 1200.110(b).

Very truly yours,

Shane McCreery

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